



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0266	<b>Title:</b>	Authorize school levy to pay health insurance premiums
<b>Primary Sponsor:</b>	Cooney, Mike	<b>Status:</b>	As Introduced

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2             | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Description of fiscal impact:** SB 266 has no state general fund impact. The fiscal impact is a potential permissive local tax levy of \$15.2 million in FY 2011, \$32.2 million in FY 2012, and \$51.3 million in FY 2013 for school district health insurance costs.

### FISCAL ANALYSIS

#### Assumptions:

- OPI estimates that school districts pay health insurance premiums for approximately 17,000 school personnel. This bill is not expected to create an incentive to expand health care coverage to additional employees.
- In consultation with MEA-MFT researchers, OPI estimates that schools will spend approximately \$113.0 million on health insurance premiums in all district funds in FY 2009. It is estimated that about 85% of these health insurance premium expenditures will be paid from district general fund budgets.
- The effective date of this bill is October 1, 2009. The changes in this bill apply to the school year beginning July 1, 2010.

4. Health insurance premiums are projected to increase by 12% annually in FY 2010 and FY 2011. School districts are projected to spend \$126.6 million in FY 2010, \$141.8 million in FY 2011, \$158.8 million in FY 2012, and \$177.8 million in FY 2013.
5. Under SB 266, school districts would be authorized to permissively levy \$15.2 million in FY 2011, \$32.2 million in FY 2012, and \$51.3 million in FY 2013 for increased health insurance costs.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. SB 266 would allow school districts to permissively levy \$15.2 million in FY 2011, \$32.2 million in FY 2012, and \$51.3 million in FY 2013 for increased health insurance costs. Similar levy growth would occur ongoing.
2. The permissive levy in SB 266 would allow school districts to fund increases in health insurance premiums without having to absorb these costs into the district general fund and other budgeted funds.

**Long-Term Impacts:**

1. SB 266 permissively allows school districts to levy \$15.2 million in FY 2011, \$32.2 million in FY 2012, and \$51.3 million in FY 2013 for increased health insurance costs. Growth of the permissive levy would continue in future years.

**Technical Notes:**

1. It is unclear which fund a school district will use to budget for the annual property tax levy that is authorized by SB 266. If the intention of the proposed legislation is to expand school district budget authority to cover health insurance premium increases, it would be advisable to create a budgeted special revenue fund for health insurance costs and to prohibit any transfers out of the fund to other funds of the district.

\_\_\_\_\_  
*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*